

115TH CONGRESS  
1ST SESSION

# H. R. 3921

To extend funding for the Children’s Health Insurance Program, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 3, 2017

Mr. BURGESS introduced the following bill; which was referred to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To extend funding for the Children’s Health Insurance Program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Helping Ensure Access  
5 for Little Ones, Toddlers, and Hopeful Youth by Keeping  
6 Insurance Delivery Stable Act of 2017” or the  
7 “HEALTHY KIDS Act”.

8 **SEC. 2. TABLE OF CONTENTS.**

9 The table of contents for this Act is as follows:

- Sec. 1. Short title.  
 Sec. 2. Table of contents.

TITLE I—CHIP EXTENSION AND OTHER MEDICAID AND CHIP  
 PROVISIONS

- Sec. 101. Five-year funding extension of the Children’s Health Insurance Program.  
 Sec. 102. Extension of certain programs and demonstration projects.  
 Sec. 103. Extension of outreach and enrollment program.  
 Sec. 104. Extension and reduction of additional Federal financial participation for CHIP.  
 Sec. 105. Modifying reduction in Medicaid DSH allotments.  
 Sec. 106. Puerto Rico Medicaid payments.

TITLE II—OFFSETS

- Sec. 201. Medicaid third party liability.  
 Sec. 202. Treatment of lottery winnings and other lump-sum income for purposes of income eligibility under Medicaid.  
 Sec. 203. Adjustments to Medicare part B and part D premium subsidies for higher income individuals.

**1 TITLE I—CHIP EXTENSION AND**  
**2 OTHER MEDICAID AND CHIP**  
**3 PROVISIONS**

**4 SEC. 101. FIVE-YEAR FUNDING EXTENSION OF THE CHIL-**  
**5 DREN’S HEALTH INSURANCE PROGRAM.**

**6 (a) APPROPRIATION; TOTAL ALLOTMENT.**—Section  
**7 2104(a) of the Social Security Act (42 U.S.C. 1397dd(a))**  
**8 is amended—**

**9 (1) in paragraph (19), by striking “and”;**

**10 (2) in paragraph (20), by striking the period at**  
**11 the end and inserting a semicolon; and**

**12 (3) by adding at the end the following new**  
**13 paragraphs:**

**14 “(21) for fiscal year 2018, \$21,500,000,000;**

**15 “(22) for fiscal year 2019, \$22,600,000,000;**

1 “(23) for fiscal year 2020, \$23,700,000,000;

2 “(24) for fiscal year 2021, \$24,800,000,000;

3 and

4 “(25) for fiscal year 2022, for purposes of mak-  
5 ing 2 semi-annual allotments—

6 “(A) \$2,850,000,000 for the period begin-  
7 ning on October 1, 2021, and ending on March  
8 31, 2022; and

9 “(B) \$2,850,000,000 for the period begin-  
10 ning on April 1, 2022, and ending on Sep-  
11 tember 30, 2022.”.

12 (b) ALLOTMENTS.—

13 (1) IN GENERAL.—Section 2104(m) of the So-  
14 cial Security Act (42 U.S.C. 1397dd(m)) is amend-  
15 ed—

16 (A) in paragraph (2)—

17 (i) in the heading, by striking  
18 “THROUGH 2016” and inserting  
19 “THROUGH 2022”; and

20 (ii) in subparagraph (B)—

21 (I) in the matter preceding clause  
22 (i), by striking “(19)” and inserting  
23 “(24)”;

24 (II) in clause (ii), in the matter  
25 preceding subclause (I), by inserting

1 “(other than fiscal year 2022)” after  
2 “even-numbered fiscal year”; and

3 (III) in clause (ii)(I), by inserting  
4 “(or, in the case of fiscal year 2018,  
5 under paragraph (4))” after “clause  
6 (i)”;

7 (B) in paragraph (5)—

8 (i) by striking “or (4)” and inserting  
9 “(4), or (10)”;

10 (ii) by striking “or 2017” and insert-  
11 ing “, 2017, or 2022”;

12 (C) in paragraph (7)—

13 (i) in subparagraph (A), by striking  
14 “2017” and inserting “2022”;

15 (ii) in subparagraph (B), in the mat-  
16 ter preceding clause (i), by inserting “(or,  
17 in the case of fiscal year 2018, by not later  
18 than the date that is 60 days after the  
19 date of the enactment of the HEALTHY  
20 KIDS Act of 2017)” after “before the Au-  
21 gust 31 preceding the beginning of the fis-  
22 cal year”; and

23 (iii) in the matter following subpara-  
24 graph (B), by striking “or fiscal year  
25 2016” and inserting “fiscal year 2016, fis-

1 cal year 2018, fiscal year 2020, or fiscal  
2 year 2022”;

3 (D) in paragraph (9)—

4 (i) in the heading, by striking “FISCAL  
5 YEARS 2015 AND 2017” and inserting  
6 “CERTAIN FISCAL YEARS”;

7 (ii) by striking “or (4)” and inserting  
8 “, (4), or (10)”;

9 (iii) by striking “or fiscal year 2017”  
10 and inserting “, 2017, or 2022”;

11 (E) by adding at the end the following new  
12 paragraph:

13 “(10) FOR FISCAL YEAR 2022.—

14 “(A) FIRST HALF.—Subject to paragraphs  
15 (5) and (7), from the amount made available  
16 under subparagraph (A) of paragraph (25) of  
17 subsection (a) for the semi-annual period de-  
18 scribed in such subparagraph, increased by the  
19 amount of the appropriation for such period  
20 under section 101(b)(3) of the HEALTHY  
21 KIDS Act, the Secretary shall compute a State  
22 allotment for each State (including the District  
23 of Columbia and each commonwealth and terri-  
24 tory) for such semi-annual period in an amount  
25 equal to the first half ratio (described in sub-

1 paragraph (D)) of the amount described in sub-  
2 paragraph (C).

3 “(B) SECOND HALF.—Subject to para-  
4 graphs (5) and (7), from the amount made  
5 available under subparagraph (B) of paragraph  
6 (25) of subsection (a) for the semi-annual pe-  
7 riod described in such subparagraph, the Sec-  
8 retary shall compute a State allotment for each  
9 State (including the District of Columbia and  
10 each commonwealth and territory) for such  
11 semi-annual period in an amount equal to the  
12 amount made available under such subpara-  
13 graph, multiplied by the ratio of—

14 “(i) the amount of the allotment to  
15 such State under subparagraph (A); to

16 “(ii) the total of the amount of all of  
17 the allotments made available under such  
18 subparagraph.

19 “(C) FULL YEAR AMOUNT BASED ON  
20 GROWTH FACTOR UPDATED AMOUNT.—The  
21 amount described in this subparagraph for a  
22 State is equal to the sum of—

23 “(i) the amount of the State allotment  
24 for fiscal year 2021 determined under  
25 paragraph (2)(B)(i); and

1 “(ii) the amount of any payments  
2 made to the State under subsection (n) for  
3 fiscal year 2021,  
4 multiplied by the allotment increase factor  
5 under paragraph (6) for fiscal year 2022.

6 “(D) FIRST HALF RATIO.—The first half  
7 ratio described in this subparagraph is the ratio  
8 of—

9 “(i) the sum of—

10 “(I) the amount made available  
11 under subsection (a)(25)(A); and

12 “(II) the amount of the appro-  
13 priation for such period under section  
14 101(b)(3) of the HEALTHY KIDS  
15 Act; to

16 “(ii) the sum of—

17 “(I) the amount described in  
18 clause (i); and

19 “(II) the amount made available  
20 under subsection (a)(25)(B).”.

21 (2) TECHNICAL AMENDMENT.—Section  
22 2104(m)(2)(A) of such Act (42 U.S.C.  
23 1397dd(m)(2)(A)) is amended by striking “the allot-  
24 ment increase factor under paragraph (5)” each

1 place it appears and inserting “the allotment in-  
2 crease factor under paragraph (6)”.

3 (3) ONE-TIME APPROPRIATION FOR FISCAL  
4 YEAR 2022.—There is appropriated to the Secretary  
5 of Health and Human Services, out of any money in  
6 the Treasury not otherwise appropriated,  
7 \$20,200,000,000 to accompany the allotment made  
8 for the period beginning on October 1, 2021, and  
9 ending on March 31, 2022, under paragraph  
10 (25)(A) of section 2104(a) of the Social Security Act  
11 (42 U.S.C. 1397dd(a)) (as added by subsection  
12 (a)(3)), to remain available until expended. Such  
13 amount shall be used to provide allotments to States  
14 under paragraph (10) of section 2104(m) of such  
15 Act (as added by subsection (b)(1)(E)) for the first  
16 6 months of fiscal year 2022 in the same manner as  
17 allotments are provided under subsection (a)(25)(A)  
18 of such section 2104 and subject to the same terms  
19 and conditions as apply to the allotments provided  
20 from such subsection (a)(25)(A).

21 (c) EXTENSION OF THE CHILD ENROLLMENT CON-  
22 TINGENCY FUND.—Section 2104(n) of the Social Security  
23 Act (42 U.S.C. 1397dd(n)) is amended—

24 (1) in paragraph (2)—

25 (A) in subparagraph (A)(ii)—

1 (i) by striking “2010, 2011, 2012,  
2 2013, 2014, and 2016” and inserting  
3 “2010 through 2014, 2016, and 2018  
4 through 2021”; and

5 (ii) by striking “fiscal year 2015 and  
6 fiscal year 2017” and inserting “fiscal  
7 years 2015, 2017, and 2022”; and

8 (B) in subparagraph (B)—

9 (i) by striking “2010, 2011, 2012,  
10 2013, 2014, and 2016” and inserting  
11 “2010 through 2014, 2016, and 2018  
12 through 2021”; and

13 (ii) by striking “fiscal year 2015 and  
14 fiscal year 2017” and inserting “fiscal year  
15 2015, 2017, and 2022”; and

16 (2) in paragraph (3)(A), in the matter pre-  
17 ceding clause (i), by striking “or a semi-annual allot-  
18 ment period for fiscal year 2015 or 2017” and in-  
19 serting “or in any of fiscal years 2018 through 2021  
20 (or a semi-annual allotment period for fiscal year  
21 2015, 2017, or 2022)”.

22 (d) EXTENSION OF QUALIFYING STATES OPTION.—  
23 Section 2105(g)(4) of the Social Security Act (42 U.S.C.  
24 1397ee(g)(4)) is amended—

1 (1) in the heading, by striking “THROUGH  
2 2017” and inserting “THROUGH 2022”; and

3 (2) in subparagraph (A), by striking “2017”  
4 and inserting “2022”.

5 (e) EXTENSION OF EXPRESS LANE ELIGIBILITY OP-  
6 TION.—Section 1902(e)(13)(I) of the Social Security Act  
7 (42 U.S.C. 1396a(e)(13)(I)) is amended by striking  
8 “2017” and inserting “2022”.

9 (f) ASSURANCE OF AFFORDABILITY STANDARD FOR  
10 CHILDREN AND FAMILIES.—

11 (1) IN GENERAL.—Section 2105(d)(3) of the  
12 Social Security Act (42 U.S.C. 1397ee(d)(3)) is  
13 amended—

14 (A) in the paragraph heading, by striking  
15 “UNTIL OCTOBER 1, 2019” and inserting  
16 “THROUGH SEPTEMBER 30, 2022”; and

17 (B) in subparagraph (A), in the matter  
18 preceding clause (i)—

19 (i) by striking “2019” and inserting  
20 “2022”; and

21 (ii) by striking “The preceding sen-  
22 tence shall not be construed as preventing  
23 a State during such period” and inserting  
24 “During the period that begins on October  
25 1, 2019, and ends on September 30, 2022,

1           the preceding sentence shall only apply  
2           with respect to children in families whose  
3           income does not exceed 300 percent of the  
4           poverty line (as defined in section  
5           2110(c)(5)) applicable to a family of the  
6           size involved. The preceding sentences shall  
7           not be construed as preventing a State  
8           during any such periods”.

9           (2) CONFORMING AMENDMENTS.—Section  
10          1902(gg)(2) of the Social Security Act (42 U.S.C.  
11          1396a(gg)(2)) is amended—

12           (A) in the paragraph heading, by striking  
13           “UNTIL OCTOBER 1, 2019” and inserting  
14           “THROUGH SEPTEMBER 30, 2022”; and

15           (B) by striking “September 30, 2019,”  
16           and inserting “September 30, 2022 (but during  
17           the period that begins on October 1, 2019, and  
18           ends on September 30, 2022, only with respect  
19           to children in families whose income does not  
20           exceed 300 percent of the poverty line (as de-  
21           fined in section 2110(c)(5)) applicable to a fam-  
22           ily of the size involved)”.

23          (g) CHIP LOOK-ALIKE PLANS.—

1           (1) BLENDING RISK POOLS.—Section 2107 of  
2 the Social Security Act (42 U.S.C. 1397gg) is  
3 amended by adding at the end the following:

4           “(g) USE OF BLENDED RISK POOLS.—

5           “(1) IN GENERAL.—Nothing in this title (or  
6 any other provision of Federal law) shall be con-  
7 strued as preventing a State from considering chil-  
8 dren enrolled in a qualified CHIP look-alike pro-  
9 gram and children enrolled in a State child health  
10 plan under this title (or a waiver of such plan) as  
11 members of a single risk pool.

12           “(2) QUALIFIED CHIP LOOK-ALIKE PROGRAM.—

13 In this subsection, the term ‘qualified CHIP look-  
14 alike program’ means a State program—

15           “(A) under which children who are under  
16 the age of 18 and are not eligible to receive  
17 medical assistance under title XIX or child  
18 health assistance under this title may purchase  
19 coverage through the State that provides bene-  
20 fits that are at least identical to the benefits  
21 provided under the State child health plan  
22 under this title (or a waiver of such plan); and

23           “(B) that is funded exclusively through  
24 non-Federal funds, including funds received by

1 the State in the form of premiums for the pur-  
2 chase of such coverage.”.

3 (2) COVERAGE RULE.—

4 (A) IN GENERAL.—Section 5000A(f)(1) of  
5 the Internal Revenue Code of 1986 is amended  
6 in subparagraph (A)(iii), by inserting “or under  
7 a qualified CHIP look-alike program (as de-  
8 fined in section 2107(g) of the Social Security  
9 Act)” before the comma at the end.

10 (B) EFFECTIVE DATE.—The amendment  
11 made by subparagraph (A) shall apply with re-  
12 spect to taxable years beginning after December  
13 31, 2017.

14 **SEC. 102. EXTENSION OF CERTAIN PROGRAMS AND DEM-**  
15 **ONSTRATION PROJECTS.**

16 (a) CHILDHOOD OBESITY DEMONSTRATION  
17 PROJECT.—Section 1139A(e)(8) of the Social Security  
18 Act (42 U.S.C. 1320b–9a(e)(8)) is amended—

19 (1) by striking “and \$10,000,000” and insert-  
20 ing “, \$10,000,000”; and

21 (2) by inserting after “2017” the following: “,  
22 and \$25,000,000 for the period of fiscal years 2018  
23 through 2022”.

1 (b) PEDIATRIC QUALITY MEASURES PROGRAM.—  
2 Section 1139A(i) of the Social Security Act (42 U.S.C.  
3 1320b–9a(i)) is amended—

4 (1) by striking “Out of any” and inserting the  
5 following:

6 “(1) IN GENERAL.—Out of any”;

7 (2) by striking “there is appropriated for each”  
8 and inserting “there is appropriated—

9 “(A) for each”;

10 (3) by striking “, and there is appropriated for  
11 the period” and inserting “;

12 “(B) for the period”;

13 (4) by striking “. Funds appropriated under  
14 this subsection shall remain available until ex-  
15 pended” and inserting “; and”; and

16 (5) by adding at the end the following:

17 “(C) for the period of fiscal years 2018  
18 through 2022, \$75,000,000 for the purpose of  
19 carrying out this section (other than sub-  
20 sections (e), (f), and (g)).

21 “(2) AVAILABILITY.—Funds appropriated  
22 under this subsection shall remain available until ex-  
23 pended.”.

1 **SEC. 103. EXTENSION OF OUTREACH AND ENROLLMENT**  
2 **PROGRAM.**

3 Section 2113 of the Social Security Act (42 U.S.C.  
4 1397mm) is amended—

5 (1) in subsection (a)(1), by striking “2017” and  
6 inserting “2022”; and

7 (2) in subsection (g)—

8 (A) by striking “and \$40,000,000” and in-  
9 serting “, \$40,000,000”; and

10 (B) by inserting after “2017” the fol-  
11 lowing: “, and \$100,000,000 for the period of  
12 fiscal years 2018 through 2022”.

13 **SEC. 104. EXTENSION AND REDUCTION OF ADDITIONAL**  
14 **FEDERAL FINANCIAL PARTICIPATION FOR**  
15 **CHIP.**

16 Section 2105(b) of the Social Security Act (42 U.S.C.  
17 1397ee(b)) is amended in the second sentence by inserting  
18 “and during the period that begins on October 1, 2019,  
19 and ends on September 30, 2020, the enhanced FMAP  
20 determined for a State for a fiscal year (or for any portion  
21 of a fiscal year occurring during such period) shall be in-  
22 creased by 11.5 percentage points” after “23 percentage  
23 points,”.

1 **SEC. 105. MODIFYING REDUCTION IN MEDICAID DSH AL-**  
 2 **LOTMENTS.**

3 Section 1923(f)(7)(A)(ii) of the Social Security Act  
 4 (42 U.S.C. 1396r-4(f)(7)(A)(ii)) is amended—

5 (1) by striking subclause (I) and redesignating  
 6 subclauses (II) through (VIII) as subclauses (I)  
 7 through (VII), respectively;

8 (2) in subclause (VI), as redesignated by para-  
 9 graph (1), by striking at the end “and”;

10 (3) in subclause (VII), as redesignated by para-  
 11 graph (1), by striking at the end the period and in-  
 12 serting a semicolon; and

13 (4) by adding at the end the following new sub-  
 14 clauses:

15 “(VIII) \$8,000,000,000 for fiscal  
 16 year 2026; and

17 “(IX) \$8,000,000,000 for fiscal  
 18 year 2027.”.

19 **SEC. 106. PUERTO RICO MEDICAID PAYMENTS.**

20 (a) INCREASED CAP.—Section 1108(g) of the Social  
 21 Security Act (42 U.S.C. 1308(g)) is amended—

22 (1) in paragraph (2)(A), by inserting “(or, with  
 23 respect to fiscal years 2018 and 2019, increased by  
 24 such percentage increase plus one percentage point)”  
 25 after “beginning of the fiscal year”; and

26 (2) in paragraph (5)—

1 (A) in subparagraph (A), by striking “sub-  
2 paragraph (B)” and inserting “subparagraphs  
3 (B), (C), (D), and (E)”; and

4 (B) by adding at the end the following new  
5 subparagraphs:

6 “(C) The amount of the increase otherwise  
7 provided under subparagraph (A) for Puerto  
8 Rico shall be further increased by  
9 \$880,000,000.

10 “(D)(i) For the period beginning October  
11 1, 2017, and ending December 31, 2019, the  
12 amount of the increase otherwise provided  
13 under subparagraph (A) for Puerto Rico shall  
14 be further increased by \$120,000,000 if the Fi-  
15 nancial Oversight and Management Board for  
16 Puerto Rico established under section 101 of  
17 the Puerto Rico Oversight, Management, and  
18 Economic Stability Act (48 U.S.C. 2121) cer-  
19 tifies by a majority vote that Puerto Rico has  
20 taken reasonable and appropriate steps during  
21 such period to—

22 “(I) reduce fraud, waste, and abuse  
23 under the program under title XIX;

1 “(II) implement strategies to reduce  
2 unnecessary, inefficient, or excessive  
3 spending under title XIX;

4 “(III) improve the use and availability  
5 of Medicaid data for program operation  
6 and oversight; and

7 “(IV) improve the quality of care and  
8 patient experience for individuals enrolled  
9 under the program under title XIX.

10 “(ii) As a condition of any additional in-  
11 crease pursuant to clause (i), not later than Oc-  
12 tober 1, 2018, Puerto Rico shall submit to the  
13 Financial Oversight and Management Board for  
14 Puerto Rico a report regarding steps taken to  
15 achieve each of the goals described in sub-  
16 clauses (I) through (IV) of clause (i).

17 “(E) Payments under section 1903(a)(8)  
18 for a quarter of a fiscal year shall not be taken  
19 into account in applying subsection (f) (as in-  
20 creased in accordance with this paragraph and  
21 paragraphs (1), (2), (3), and (4)) to Puerto  
22 Rico for such fiscal year.”.

23 (b) FEDERAL MATCH FOR MEDICAL PERSONNEL  
24 AND FRAUD REDUCTION.—Section 1903(a) of the Social  
25 Security Act (42 U.S.C. 1396b(a)) is amended—

1 (1) in paragraph (2)(A), by inserting “subject  
2 to paragraph (8),” before “an amount”;

3 (2) in paragraph (6)—

4 (A) in subparagraph (B), by inserting  
5 “subject to paragraph (8),” before “75 per cen-  
6 tum”; and

7 (B) by striking at the end “plus”;

8 (3) in paragraph (7), by striking at the end the  
9 period and inserting “; plus”; and

10 (4) by adding at the end the following new  
11 paragraph:

12 “(8) for quarters during the period beginning  
13 January 1, 2018, and ending December 31, 2019,  
14 paragraphs (2)(A) and (6) shall apply with respect  
15 to Puerto Rico as if—

16 “(A) the reference to ‘75 per centum’ in  
17 paragraph (2)(A) were a reference to ‘90 per  
18 centum’; and

19 “(B) the reference to ‘75 per centum’ in  
20 paragraph (6)(B) were a reference to ‘90 per  
21 centum’.”.

## 22 **TITLE II—OFFSETS**

### 23 **SEC. 201. MEDICAID THIRD PARTY LIABILITY PROVISIONS.**

24 (a) **MEDICAID THIRD PARTY LIABILITY.—**

1 (1) DELAY OF BIPARTISAN BUDGET ACT OF  
2 2013 THIRD PARTY LIABILITY PROVISIONS.—

3 (A) IN GENERAL.—Section 202(c) of the  
4 Bipartisan Budget Act of 2013 (Public Law  
5 113–67; 127 Stat. 1177; 42 U.S.C. 1396a  
6 note), as amended by section 211 of the Pro-  
7 tecting Access to Medicare Act of 2014 (Public  
8 Law 113–93; 128 Stat. 1047; 42 U.S.C. 1396a  
9 note) and section 220 of the Medicare Access  
10 and CHIP Reauthorization Act of 2015 (Public  
11 Law 114–10), is amended by striking “2017”  
12 and inserting “2019”.

13 (B) EFFECTIVE DATE; TREATMENT.—The  
14 amendment made by subparagraph (A) shall  
15 take effect on September 30, 2017, and shall  
16 apply with respect to claims generated or filed  
17 after such date.

18 (2) CLARIFICATION OF DEFINITIONS APPLICA-  
19 BLE TO THIRD PARTY LIABILITY.—

20 (A) IN GENERAL.—Section 1902 of the So-  
21 cial Security Act (42 U.S.C. 1396a) is amended  
22 by adding at the end the following new sub-  
23 section:

24 “(nn) For purposes of subsection (a)(25) and section  
25 1903(d)(2)(B):

1           “(1) The term ‘responsible third party’ means  
2           a health insurer, an accountable care organization,  
3           or any other party that is, by statute, contract, or  
4           agreement, legally responsible for payment of a  
5           claim for a health care item or service. Such term  
6           does not include a party if payment by such party  
7           has been made or can reasonably be expected to be  
8           made under a workmen’s compensation law or plan  
9           of the United States or a State, or under an auto-  
10          mobile or liability insurance policy or plan (including  
11          a self-insured plan), or under no fault insurance.

12          “(2) The term ‘health insurer’ means a group  
13          health plan, as defined in section 607(1) of the Em-  
14          ployee Retirement Income Security Act of 1974, a  
15          self-insured plan, a fully-insured plan, a service ben-  
16          efit plan, a medicaid managed care plan under sec-  
17          tion 1903(m) or 1932, a pharmacy benefit manager,  
18          and any other health plan determined appropriate by  
19          the Secretary.”.

20                   (B) CONFORMING AMENDMENTS.—Section  
21                   1902(a)(25) of the Social Security Act (42  
22                   U.S.C. 1396a(a)(25)) is amended—

23                   (i) in subparagraph (A), in the matter  
24                   preceding clause (i), by striking “third par-  
25                   ties” and all that follows through “item or

1 service)” and inserting “responsible third  
2 parties”;

3 (ii) in subparagraph (G), by striking  
4 “health insurer” and all that follows  
5 through “item or service)” and inserting  
6 “responsible third party”;

7 (iii) in subparagraph (I), in the mat-  
8 ter preceding clause (i), by striking “health  
9 insurers” and all that follows through  
10 “item or service” and inserting “respon-  
11 sible third parties”; and

12 (iv) by inserting “responsible” before  
13 “third” each place it appears in subpara-  
14 graphs (A)(i), (A)(ii), (C), (D), and (H).

15 (3) REMOVAL OF SPECIAL TREATMENT OF CER-  
16 TAIN TYPES OF CARE AND PAYMENTS UNDER MED-  
17 ICAID THIRD PARTY LIABILITY RULES.—Section  
18 1902(a)(25) of the Social Security Act (42 U.S.C.  
19 1396a(a)(25)), as amended by section 202(c) of the  
20 Bipartisan Budget Act of 2013 (after application of  
21 paragraph (1)), is amended by striking subpara-  
22 graphs (E) and (F).

23 (4) CLARIFICATION OF ROLE OF HEALTH IN-  
24 SURERS WITH RESPECT TO THIRD PARTY LIABIL-  
25 ITY.—

1           (A) IN GENERAL.—Section 1902(a)(25) of  
2           the Social Security Act (42 U.S.C.  
3           1396a(a)(25)), as amended by paragraph (3), is  
4           further amended by inserting after subpara-  
5           graph (D) the following new subparagraphs:

6           “(E) that, in the case of a State that pro-  
7           vides medical assistance under this title through  
8           a contract with a health insurer, such contract  
9           shall specify whether the State is—

10           “(i) delegating to such insurer all or  
11           some of its right of recovery from a re-  
12           sponsible third party for an item or service  
13           for which payment has been made under  
14           the State plan (or under a waiver of the  
15           plan); and

16           “(ii) transferring to such insurer all  
17           or some of the assignment to the State of  
18           any right of an individual or other entity  
19           to payment from a responsible third party  
20           for an item or service for which payment  
21           has been made under the State plan (or  
22           under a waiver of the plan);

23           “(F) that, in the case of a State that elects  
24           an option described in clause (i) or (ii) of sub-  
25           paragraph (E) with respect to a health insurer,

1 the State shall provide assurances to the Sec-  
2 retary that the State laws referred to in sub-  
3 paragraph (I) confer to the health insurer the  
4 authority of the State with respect to the re-  
5 quirements specified in clauses (i) through (iv)  
6 of such subparagraph;”.

7 (B) TREATMENT OF COLLECTED  
8 AMOUNTS.—Section 1903(d)(2)(B) of the Social  
9 Security Act (42 U.S.C. 1396b(d)(2)(B)) is  
10 amended by adding at the end the following:  
11 “For purposes of this subparagraph, reimburse-  
12 ments made by a responsible third party to  
13 health insurers pursuant to section  
14 1902(a)(25)(E) shall be treated in the same  
15 manner as reimbursements made to a State  
16 under the previous sentence.”.

17 (5) INCREASING STATE FLEXIBILITY WITH RE-  
18 SPECT TO THIRD PARTY LIABILITY.—Section  
19 1902(a)(25)(I) of the Social Security Act (42 U.S.C.  
20 1396a(a)(25)(I)) is amended—

21 (A) in clause (i), by striking “medical as-  
22 sistance under the State plan” and inserting  
23 “medical assistance under a State plan (or  
24 under a waiver of the plan)”;

1 (B) by striking clause (ii) and inserting the  
2 following new clause:

3 “(ii) accept—

4 “(I) any State’s right of recovery  
5 and the assignment to any State of  
6 any right of an individual or other en-  
7 tity to payment from the party for an  
8 item or service for which payment has  
9 been made under the respective  
10 State’s plan (or under a waiver of the  
11 plan); and

12 “(II) as a valid authorization of  
13 the responsible third party for the fur-  
14 nishing of an item or service to an in-  
15 dividual eligible to receive medical as-  
16 sistance under this title, an authoriza-  
17 tion made on behalf of such individual  
18 under the State plan (or under a  
19 waiver of such plan) for the fur-  
20 nishing of such item or service to such  
21 individual;”;

22 (C) in clause (iii)—

23 (i) by striking “respond to” and in-  
24 serting “not later than 60 days after re-  
25 ceiving”; and

1 (ii) by striking “; and” at the end and  
2 inserting “, respond to such inquiry; and”;  
3 and

4 (D) in clause (iv), by inserting “a failure  
5 to obtain a prior authorization,” after “claim  
6 form,”.

7 (6) STATE INCENTIVE TO PURSUE THIRD  
8 PARTY LIABILITY FOR NEWLY ELIGIBLES.—Section  
9 1903(d)(2)(B) of the Social Security Act (42 U.S.C.  
10 1396b(d)(2)(B)), as amended by paragraph (4)(B),  
11 is further amended by adding at the end the fol-  
12 lowing: “In the case of expenditures for medical as-  
13 sistance provided during 2017 and subsequent years  
14 for individuals described in subclause (VIII) of sec-  
15 tion 1902(a)(10)(A)(i), in determining the amount,  
16 if any, of overpayment under this subparagraph with  
17 respect to such medical assistance, the Secretary  
18 shall apply the Federal medical assistance percent-  
19 age for the State under section 1905(b), notwith-  
20 standing the application of section 1905(y).”.

21 (b) COMPLIANCE WITH THIRD PARTY INSURANCE  
22 REPORTING.—Section 1903 of the Social Security Act (42  
23 U.S.C. 1396b) is amended by inserting after subsection  
24 (m) the following new subsection:

1       “(n)(1) For any year beginning after 2020 (or a  
2 sooner year as provided in paragraph (2)), if a State fails  
3 to comply with the requirements of section 1902(a)(25)  
4 with respect to each calendar quarter in such year, the  
5 Secretary may reduce the Federal medical assistance per-  
6 centage by 0.1 percentage point for calendar quarters in  
7 each subsequent year in which the State fails to so comply  
8 (and cumulatively for a failure to so comply for a period  
9 of consecutive years).

10       “(2) The Secretary may apply paragraph (1)—

11               “(A) for any year beginning after 2018, if a  
12 State fails to comply with the requirements of sec-  
13 tion 1902(a)(25) with respect to payment for items  
14 and services furnished to individuals described in  
15 subclause (VIII) of section 1902(a)(10)(A)(i) or  
16 non-expansion individuals; and

17               “(B) for any year beginning after 2019, if a  
18 State fails to comply with the requirements of sec-  
19 tion 1902(a)(25) with respect to payment for items  
20 and services furnished to individuals described in  
21 subdivision (i), (iii), or (iv) of section 1905(a).

22       “(3) For purposes of this subsection, the term ‘non-  
23 expansion individual’ means, with respect to a State for  
24 a month, an individual who is—

1           “(A) eligible for medical assistance for items or  
2 services under this title and enrolled under the State  
3 plan (or a waiver of such plan) under this title for  
4 the month;

5           “(B) not under 19 years of age;

6           “(C) not 65 years of age or older; and

7           “(D) not eligible for medical assistance under  
8 this title on the basis of being blind or disabled.”.

9           (c) APPLICATION TO CHIP.—

10           (1) IN GENERAL.—Section 2107(e)(1) of the  
11 Social Security Act (42 U.S.C. 1397gg(e)(1)) is  
12 amended—

13           (A) by redesignating subparagraphs (B)  
14 through (R) as subparagraphs (C) through (S),  
15 respectively; and

16           (B) by inserting after subparagraph (A)  
17 the following new subparagraph:

18           “(B) Section 1902(a)(25) (relating to third  
19 party liability).”.

20           (2) MANDATORY REPORTING.—Section  
21 1902(a)(25)(I)(i) of the Social Security Act (42  
22 U.S.C. 1396a(a)(25)(I)(i)), as amended by sub-  
23 section (a)(5), is further amended—

24           (A) by striking “(and, at State option,  
25 child” and inserting “and child”; and

1 (B) by striking “title XXI)” and inserting  
2 “title XXI”.

3 (d) TRAINING ON THIRD PARTY LIABILITY.—Section  
4 1936 of the Social Security Act (42 U.S.C. 1396u–6) is  
5 amended—

6 (1) in subsection (b)(4), by striking “and qual-  
7 ity of care” and inserting “, quality of care, and the  
8 liability of responsible third parties (as defined in  
9 section 1902(nm))”; and

10 (2) by adding at the end the following new sub-  
11 section:

12 “(f) THIRD PARTY LIABILITY TRAINING.—With re-  
13 spect to education or training activities carried out pursu-  
14 ant to subsection (b)(4) with respect to the liability of re-  
15 sponsible third parties (as defined in section 1902(nm) for  
16 payment for items and services furnished under State  
17 plans (or under waivers of such plans)) under this title,  
18 the Secretary shall—

19 “(1) publish (and update on an annual basis)  
20 on the public Internet website of the Centers for  
21 Medicare & Medicaid Services a dedicated Internet  
22 page containing best practices to be used in assess-  
23 ing such liability;

24 “(2) monitor efforts to assess such liability and  
25 analyze the challenges posed by that assessment;

1           “(3) distribute to State agencies administering  
2           the State plan under this title information related to  
3           such efforts and challenges; and

4           “(4) provide guidance to such State agencies  
5           with respect to State oversight of efforts under a  
6           medicaid managed care plan under section 1903(m)  
7           or 1932 to assess such liability.”.

8           (e) DEVELOPMENT OF MODEL UNIFORM FIELDS  
9           FOR STATES TO REPORT THIRD PARTY INFORMATION.—

10          Not later than January 1, 2019, the Secretary of Health  
11          and Human Services shall, in consultation with the States,  
12          develop and make available to the States a model uniform  
13          reporting field that States may use for purposes of report-  
14          ing to the Secretary through the Transformed Medicaid  
15          Statistical Information System (T-MSIS) (or a successor  
16          system), or within CMS Form 64 (or any successor form),  
17          information identifying responsible third parties (as de-  
18          fined in subsection (nn) of section 1902 of the Social Secu-  
19          rity Act (42 U.S.C. 1396a), as added by subsection  
20          (a)(2)(A)) and other relevant information for ascertaining  
21          the legal responsibility of such third parties to pay for care  
22          and services available under the State plan (or under a  
23          waiver of the plan) under title XIX of the Social Security  
24          Act (42 U.S.C. 1396 et seq.).

25          (f) EFFECTIVE DATE.—

1           (1) IN GENERAL.—Except as provided in para-  
2           graph (2), this section and the amendments made by  
3           this section (other than as specified in the preceding  
4           provisions of this section) shall take effect on Octo-  
5           ber 1, 2019, and shall apply to medical assistance or  
6           child health assistance provided on or after such  
7           date.

8           (2) EXCEPTION IF STATE LEGISLATION RE-  
9           QUIRED.—In the case of a State plan for medical as-  
10          sistance under title XIX of the Social Security Act  
11          (42 U.S.C. 1396 et seq.), or a State child health  
12          plan for child health assistance under title XXI of  
13          such Act (42 U.S.C. 1397aa et seq.), that the Sec-  
14          retary of Health and Human Services determines re-  
15          quires State legislation (other than legislation appro-  
16          priating funds) in order for the plan to meet the ad-  
17          ditional requirement imposed by the amendments  
18          made under this section, such plan shall not be re-  
19          garded as failing to comply with the requirements of  
20          such title solely on the basis of its failure to meet  
21          this additional requirement before the first day of  
22          the first calendar quarter beginning after the close  
23          of the first regular session of the State legislature  
24          that begins after the date of the enactment of this  
25          Act. For purposes of the previous sentence, in the

1 case of a State that has a 2-year legislative session,  
2 each year of such session shall be deemed to be a  
3 separate regular session of the State legislature.

4 **SEC. 202. TREATMENT OF LOTTERY WINNINGS AND OTHER**  
5 **LUMP-SUM INCOME FOR PURPOSES OF IN-**  
6 **COME ELIGIBILITY UNDER MEDICAID.**

7 (a) IN GENERAL.—Section 1902 of the Social Secu-  
8 rity Act (42 U.S.C. 1396a) is amended—

9 (1) in subsection (a)(17), by striking “(e)(14),  
10 (e)(14)” and inserting “(e)(14), (e)(15)”; and

11 (2) in subsection (e)—

12 (A) in paragraph (14) (relating to modified  
13 adjusted gross income), by adding at the end  
14 the following new subparagraph:

15 “(J) TREATMENT OF CERTAIN LOTTERY  
16 WINNINGS AND INCOME RECEIVED AS A LUMP  
17 SUM.—

18 “(i) IN GENERAL.—In the case of an  
19 individual who is the recipient of qualified  
20 lottery winnings (pursuant to lotteries oc-  
21 ccurring on or after January 1, 2018) or  
22 qualified lump sum income (received on or  
23 after such date) and whose eligibility for  
24 medical assistance is determined based on  
25 the application of modified adjusted gross

1 income under subparagraph (A), a State  
2 shall, in determining such eligibility, in-  
3 clude such winnings or income (as applica-  
4 ble) as income received—

5 “(I) in the month in which such  
6 winnings or income (as applicable) is  
7 received if the amount of such  
8 winnings or income is less than  
9 \$80,000;

10 “(II) over a period of 2 months  
11 if the amount of such winnings or in-  
12 come (as applicable) is greater than or  
13 equal to \$80,000 but less than  
14 \$90,000;

15 “(III) over a period of 3 months  
16 if the amount of such winnings or in-  
17 come (as applicable) is greater than or  
18 equal to \$90,000 but less than  
19 \$100,000; and

20 “(IV) over a period of 3 months  
21 plus 1 additional month for each in-  
22 crement of \$10,000 of such winnings  
23 or income (as applicable) received, not  
24 to exceed a period of 120 months (for  
25 winnings or income of \$1,260,000 or

1 more), if the amount of such winnings  
2 or income is greater than or equal to  
3 \$100,000.

4 “(ii) COUNTING IN EQUAL INSTALL-  
5 MENTS.—For purposes of subclauses (II),  
6 (III), and (IV) of clause (i), winnings or  
7 income to which such subclause applies  
8 shall be counted in equal monthly install-  
9 ments over the period of months specified  
10 under such subclause.

11 “(iii) HARDSHIP EXEMPTION.—An in-  
12 dividual whose income, by application of  
13 clause (i), exceeds the applicable eligibility  
14 threshold established by the State, shall  
15 continue to be eligible for medical assist-  
16 ance to the extent that the State deter-  
17 mines, under procedures established by the  
18 State (in accordance with standards speci-  
19 fied by the Secretary), that the denial of  
20 eligibility of the individual would cause an  
21 undue medical or financial hardship as de-  
22 termined on the basis of criteria estab-  
23 lished by the Secretary.

24 “(iv) NOTIFICATIONS AND ASSIST-  
25 ANCE REQUIRED IN CASE OF LOSS OF ELI-

1 GIBILITY.—A State shall, with respect to  
2 an individual who loses eligibility for med-  
3 ical assistance under the State plan (or a  
4 waiver of such plan) by reason of clause  
5 (i)—

6 “(I) before the date on which the  
7 individual loses such eligibility, inform  
8 the individual—

9 “(aa) of the individual’s op-  
10 portunity to enroll in a qualified  
11 health plan offered through an  
12 Exchange established under title  
13 I of the Patient Protection and  
14 Affordable Care Act during the  
15 special enrollment period speci-  
16 fied in section 9801(f)(3) of the  
17 Internal Revenue Code of 1986  
18 (relating to loss of Medicaid or  
19 CHIP coverage); and

20 “(bb) of the date on which  
21 the individual would no longer be  
22 considered ineligible by reason of  
23 clause (i) to receive medical as-  
24 sistance under the State plan or  
25 under any waiver of such plan

1 and be eligible to reapply to re-  
2 ceive such medical assistance;  
3 and

4 “(II) provide technical assistance  
5 to the individual seeking to enroll in  
6 such a qualified health plan.

7 “(v) QUALIFIED LOTTERY WINNINGS  
8 DEFINED.—In this subparagraph, the term  
9 ‘qualified lottery winnings’ means winnings  
10 from a sweepstakes, lottery, or pool de-  
11 scribed in paragraph (3) of section 4402 of  
12 the Internal Revenue Code of 1986 or a  
13 lottery operated by a multistate or multi-  
14 jurisdictional lottery association, including  
15 amounts awarded as a lump sum payment.

16 “(vi) QUALIFIED LUMP SUM INCOME  
17 DEFINED.—In this subparagraph, the term  
18 ‘qualified lump sum income’ means income  
19 that is received as a lump sum from one  
20 of the following sources:

21 “(I) Monetary winnings from  
22 gambling (as defined by the Secretary  
23 and including gambling activities de-  
24 scribed in section 1955(b)(4) of title  
25 18, United States Code).

1                   “(II) Damages received, whether  
2                   by suit or agreement and whether as  
3                   lump sums or as periodic payments  
4                   (other than monthly payments), on  
5                   account of causes of action other than  
6                   causes of action arising from personal  
7                   physical injuries or physical sickness.

8                   “(III) Income received as liquid  
9                   assets from the estate (as defined in  
10                  section 1917(b)(4)) of a deceased in-  
11                  dividual.”; and

12                  (B) by striking “(14) EXCLUSION” and in-  
13                  serting “(15) EXCLUSION”.

14                  (b) RULES OF CONSTRUCTION.—

15                  (1) INTERCEPTION OF LOTTERY WINNINGS AL-  
16                  LOWED.—Nothing in the amendment made by sub-  
17                  section (a)(2)(A) shall be construed as preventing a  
18                  State from intercepting the State lottery winnings  
19                  awarded to an individual in the State to recover  
20                  amounts paid by the State under the State Medicaid  
21                  plan under title XIX of the Social Security Act for  
22                  medical assistance furnished to the individual.

23                  (2) APPLICABILITY LIMITED TO ELIGIBILITY OF  
24                  RECIPIENT OF LOTTERY WINNINGS OR LUMP SUM  
25                  INCOME.—Nothing in the amendment made by sub-

1 section (a)(2)(A) shall be construed, with respect to  
 2 a determination of household income for purposes of  
 3 a determination of eligibility for medical assistance  
 4 under the State plan under title XIX of the Social  
 5 Security Act (42 U.S.C. 1396 et seq.) (or a waiver  
 6 of such plan) made by applying modified adjusted  
 7 gross income under subparagraph (A) of section  
 8 1902(e)(14) of such Act (42 U.S.C. 1396a(e)(14)),  
 9 as limiting the eligibility for such medical assistance  
 10 of any individual that is a member of the household  
 11 other than the individual who received qualified lot-  
 12 tery winnings or qualified lump-sum income (as de-  
 13 fined in subparagraph (J) of such section  
 14 1902(e)(14), as added by subsection (a)(2)(A) of  
 15 this section).

16 **SEC. 203. ADJUSTMENTS TO MEDICARE PART B AND PART**  
 17 **D PREMIUM SUBSIDIES FOR HIGHER INCOME**  
 18 **INDIVIDUALS.**

19 (a) IN GENERAL.—Section 1839(i)(3)(C)(i)(II) of the  
 20 Social Security Act (42 U.S.C. 1395r(i)(3)(C)(i)(II)) is  
 21 amended, in the table, by striking the last row and insert-  
 22 ing the following new rows:

“More than \$160,000 but less than \$500,000 .....	80 percent
At least \$500,000 .....	100 percent.”.

23 (b) JOINT RETURNS.—Section 1839(i)(3)(C)(ii) of  
 24 the Social Security Act (42 U.S.C. 1395r(i)(3)(C)(ii)) is

1 amended by inserting before the period the following: “ex-  
2 cept, with respect to the dollar amounts applied in the last  
3 row of the table under subclause (II) of such clause (and  
4 the second dollar amount specified in the second to last  
5 row of such table), clause (i) shall be applied by sub-  
6 stituting dollar amounts which are 175 percent of such  
7 dollar amounts for the calendar year”.

8 (c) INFLATION ADJUSTMENT.—Section 1839(i) of  
9 the Social Security Act (42 U.S.C. 1395r(i)) is amended—

10 (1) in paragraph (5)—

11 (A) in subparagraph (A), by striking “In  
12 the case” and inserting “Subject to subpara-  
13 graph (C), in the case”;

14 (B) in subparagraph (B), by striking “sub-  
15 paragraph (A)” and inserting “subparagraph  
16 (A) or (C)”; and

17 (C) by adding at the end the following new  
18 subparagraph:

19 “(C) TREATMENT OF ADJUSTMENTS FOR  
20 CERTAIN HIGHER INCOME INDIVIDUALS.—

21 “(i) IN GENERAL.—Subparagraph (A)  
22 shall not apply with respect to each dollar  
23 amount in paragraph (3) of \$500,000.

24 “(ii) ADJUSTMENT BEGINNING 2027.—

25 In the case of any calendar year beginning

1 after 2026, each dollar amount in para-  
2 graph (3) of \$500,000 shall be increased  
3 by an amount equal to—

4 “(I) such dollar amount, multi-  
5 plied by

6 “(II) the percentage (if any) by  
7 which the average of the Consumer  
8 Price Index for all urban consumers  
9 (United States city average) for the  
10 12-month period ending with August  
11 of the preceding calendar year exceeds  
12 such average for the 12-month period  
13 ending with August 2025.”; and

14 (2) in paragraph (6)(B), by inserting “(other  
15 than \$500,000)” after “the dollar amounts”.

○